

UNFAIR ADVERTISING!!

Clear and Prominent

With the MVDA 2002, the Ontario Government established new advertising rules for the auto industry.

One of the most significant rules they set was that all ad copy was to be presented in a "clear and prominent" manner.

The Ministry's argument for "clear and prominent" copy was that consumers should not have important information hidden in tiny, hard-to-read, mouse print.

Most dealers accepted these rules ... while the few who didn't were charged by OMVIC. Before long, dealers' mouse print ads were no more.

Two Tiered Advertising

When the regulations for the new Act were being put together, there was industry-wide agreement ... dealers, consumers and OMVIC ... that ads placed by the manufacturers should be subject to the same rules as other dealer ads.

And the original draft regulations would have done just that.

However, in the year leading up to the January 1, 2010 implementation of the MVDA 2002, this changed. The manufacturers lobbied the government to be excluded from the Act. They won!

So, since January 1st, 2010, there has been a two tier standard when it comes to advertising motor vehicles in Ontario. **Dealer ads ... for both new and used vehicles ... must comply with the MVDA's clear and prominent rules ... manufacturer ads don't!**

The result of this two tier system? Manufacturers have free rein with their advertising (and they take full advantage) to indulge in mouse print galore.

Some manufacturer's ads contain almost three times more

mouse print words than those used in the body of the ad. In some ads, the mouse print alone has close to 1,000 words.

To make matters worse, the mouse print is often printed vertical to the page (along the side of the ad) making it even harder to read.

To Consumers It's the Same Market

All car advertising is aimed at the same market ... the Ontario consumer. It doesn't matter who places the ad. To the consumer, manufacturers' ads and dealer ads are indistinguishable.

The consumer just wants to know the bottom line price and doesn't want to plod through hundreds of words of mouse print with a magnifying glass to find it.

A Poor Example

Manufacturers are able to squirrel away important information in the mouse print, while car dealers are held to a higher standard.

The UCDA won't be asking the Ontario Government to lower the standards for our members, but we will ask them to bring advertising by the manufacturers up to the level our members must meet.

We're now two years into the MVDA 2002 and the UCDA believes it's time for the government to look at fixing some of the inconsistencies of the now, not so new, MVDA regulations. We think fixing the mouse print problem would be a good start.

Auto manufacturers need to be governed by the same rules as the rest of the auto industry.

TADA's President, Sandy Liguori wrote an article in the January 14th Wheels section of the Toronto Star. It's printed, with permission, on page 4.

The 2/3rds Rule!!!

A customer has missed a payment. This may not be the first time they have missed or come up short on a payment. You have a lien on the vehicle and you are considering repossession of the vehicle ... can you do this?

It depends on your contract - is it a "financing" or a lease? Most standard form finance and lease contracts allow for repossession in the event of default by the customer, but the Consumer Protection Act ("CPA") treats the contracts differently.

■ Lease to own, conditional sales and in-house "buy here pay here" financing

This is a sales contract, but rather than getting paid in full, right away, the purchase price, or some portion of it, is paid over a period of time with or without interest.

You are basically loaning the money to the customer to buy your car. It's like you're the "bank"!

Under the Consumer Protection Act, where a customer has paid at least 2/3 of the total purchase price shown in such an agreement, it's illegal to repossess the vehicle, without first obtaining a court order.

■ Lease

A lease is basically a long term rental agreement.

By definition, this is not a sale. You retain legal ownership, but receive "rental payments", usually called lease payments, on a regular basis, in accordance with the lease. In exchange, as long as the payments remain in good standing, the customer gets to drive your vehicle.

If you have a lease with any of the following features:

- a fixed term of four months or more,
- an indefinite term or one that is renewed automatically until one of the parties takes positive steps to terminate it; or
- is a residual obligation lease (an open end lease where the customer is guaranteeing a minimum value at lease end),

the 2/3rds rule does not apply and you can repossess the vehicle without prior permission from a court.

Any member wondering about their rights and obligations regarding repossessions or collections generally, should contact the UCDA Legal Department or their own lawyer before steps are taken.

Call the UCDA at 1 (800) 268-2598 or (416) 231-2600.

Liens on Write-off?

Members may be surprised to hear that many vehicles sold at insurance salvage auctions have not had lien searches performed.

Some insurers do lien searches and make sure that any liens are cleared before offering written-off vehicles for sale. However, not all insurers do and it can cause big problems for dealers who discover a lien after spending thousands of dollars repairing damage to a write-off.

Dealers should confirm with the auction that a lien search has been done and that it is lien-free. If no search has been done, the dealer should run a search before making any repairs to the vehicle or even removing the vehicle from the auction site. If a lien shows up, the auction will need to get it cleared or take the vehicle back.

Often, the lien has been paid out but the lienholder has not yet discharged it from the lien registry system. If this is the case, a lien discharge can usually be obtained fairly quickly.

However, sometimes the lien has not been paid and the auction will take the vehicle back. If the purchasing dealer has spent a lot of money fixing the vehicle, the auction and insurer may be reluctant to fully compensate the dealer for these amounts.

If the auction and insurer decide instead to pay out the lien, it may take a while. In a recent example, a dealer bought a salvage vehicle and later found that there was a lien on it. The dealer repaired the vehicle and then waited for over a month for the insurer to pay out the lien.

Bottom line ... it's better to find out if there's a lien on a salvage vehicle before spending a lot of money fixing it. Dealing with it immediately could save a lot of aggravation later.

3rd Quarter NAPA Sales Record

The 3rd Quarter sales numbers have been released and UCDA members have purchased another record amount of auto parts from NAPA.

If the trend continues, significantly more members will receive a rebate check early in 2012. Last year, more than 400 members shared \$700,000 in rebates and this year rebates could be up almost 30%.

NAPA has taken some aggressive steps to improve service levels and pricing this year. With the opening of a mini-distribution centre in North West Toronto, NAPA

has made a real commitment to make UCDA members a top priority for parts delivery.

Additionally, the UCDA price matrix has been aggressively reviewed across Ontario without a reduction in NAPA's OEM quality standards.

The last quarter is always a strong time for our members as customers are getting their vehicles ready for winter. We expected that the strong growth would continue throughout the fourth quarter and we believe that it did!

If you want to be part of the UCDA NAPA program for 2012 and you don't have a NAPA account ... or if you have any questions, please contact the UCDA. It's never too late to be part of this valuable member service.

Dealer Arrested in Sales Tax Case

A Tampa, Florida, auto dealer has been arrested for not paying state sales taxes.

The Florida Department of Revenue claims Daniel W. Dick, owner of Vanel Auto Sales, stole more than \$39,000 in sales tax he collected from customers.

Dick was arrested on October 31 on a felony charge relating to theft of state sales tax. If convicted, he faces up to 15 years in prison and up to \$10,000 in fines, as well as repayment of stolen taxes, interest, penalty and investigative costs.

According to revenue department investigators, Dick collected tax from customers at his dealership. However, during various periods beginning in 2008 and lasting through periods in 2010, he failed to send in to the state all the sales tax he collected.

Yet Another IBC Roadblock

It's hard to believe, but the Insurance Bureau of Canada (IBC) is once again attempting to cut off the UCDA's access to insurance claims data used for Auto Check™!

Now, the IBC says that a single insurance company is objecting to the UCDA receiving claims data (even though there is no personal information whatsoever contained in the data).

Because of this insurer's objection, the IBC wants to cut off our access to ALL claims data. IBC has applied to the Competition Tribunal asking that the interim order that we had agreed to with IBC in October, and that had been approved by the Tribunal, be scrapped.

We are, of course, strongly opposing IBC's latest attempt to cut us off and our lawyers will argue against making any changes to the approved interim order, which has allowed us to continue to make Auto Check™ available to members.

Auto Check™ provides members with the least expensive vehicle accident history data available. An Auto Check™ search costs just \$7.00.

We're optimistic that our lawyers will prevail and we can focus on our ongoing efforts to obtain the dollar amounts on claims.

Ontarians With Disabilities & Dealers - Part II

As reported in detail in our December Front Line issue, as of January 1, 2012 the Accessibility for Ontarians with Disabilities Act, 2005 applies to businesses, including motor vehicle dealerships, in Ontario that deal with members of the public or other third parties.

We want to point members in the right direction to get more information about what the new Act requires.

Dealers are not required to make physical changes, like adding ramps, but do have to establish policies and train employees about how to deal with people with disabilities.

Guidelines for training can be found at this link: <http://www.mcsc.gov.on.ca/en/mcsc/programs/accessibility/customerService/trainingResourcesAODA/summary.aspx>

Dealers with more than 20 employees, will also be required to file an accessibility compliance report by December 31, 2012: http://www.mcsc.gov.on.ca/en/mcsc/programs/accessibility/customerService/report_online.aspx

For more information, we've added a link to this useful video on our website at <http://www.ucda.org/DealerInfo.aspx>. Click on "Accessibility Standards for Customer Service".

LIEN SEARCH HOURS

Monday to Friday: 9:00 AM to 8:00 PM

Saturday: 9:00 AM to 5:00 PM

416.599.7412 or 1.800.668.8265

Fax : 416.232.0775 or

www.ucdasherches.com

Double Standard

The following article was published in the Toronto Star on January 14th, 2012 and online at Wheels.ca. and is reproduced with permission.

Dealers' Voice is a column by Sandy Liguori, President of the Toronto Automobile Dealers Association. He is a new car dealer in the GTA.

A Double Standard For Auto Advertising

SANDY LIGUORI
TADA PRESIDENT

I received a letter from a Wheels reader, who posed a valid question: "Why do auto companies continue to print valuable information in mouse-sized print at the bottom of their ads? If this is a government regulation, why is this important information printed in a size which is often unreadable?"

The simple answer to your question is: I share your frustration.

On January 1, 2010, Ontario's new Motor Vehicle Dealers Act (MVDA) came into force. The MVDA 2002 is a set of regulations and guidelines pertaining to contracts, disclosure, warranties and business practices for registered auto dealers in Ontario. All registered auto dealers are required to adhere to the MVDA 2002 regulations.

One change in the new law made "all-in" pricing mandatory. In other words, the price consumers saw in print ads would be the price they could expect to pay when visiting a dealership for purchasing a car.

The all-in price included all fees, PDI, freight, etc. The only amount of money the consumer could expect to pay outside of the "all-in" advertised price would be taxes. The Toronto Automobile Dealers Association (TADA) fully supports all-in pricing and believes it makes the car-buying experience much easier and allows more transparency for consumers.

However, when the MVDA came into effect, the Ontario government decided to exempt advertisements placed by auto manufacturers and auto brokers from the legislation. In other words, ads placed by manufacturers and brokers do not have to conform to "all-in" pricing. The TADA feels that all-in pricing should apply to everyone placing ads — not just some entities.

As a consequence, you have two sets of rules: one for registered dealers who are obligated to include administration fees in their ads; and one for manufacturers and auto brokers who are not.

This double standard has led to much confusion on the part of consumers.

For the past two years, the TADA has been asking the Ontario government to make all-in pricing applicable to all ads — no matter who placed them — to the benefit of consumers. If you agree that all-in pricing regulations should apply to all advertisements, feel free to send me an email. We'd like to hear from you.

Today, the retail car business is the most heavily regulated in Canada.

Every aspect of our operations — from the conversations we have with customers to the fine print that appears in sales contracts — is closely regulated to ensure that customers are treated fairly.

Last year, approximately 600,000 new vehicles were sold in Ontario. Of that figure, there might have been a few dozen serious complaints, which the Ontario Motor Vehicle Industry Council (OMVIC) and other regulatory bodies would have been quick to investigate and resolve.

Dealers are in the business of selling cars, but we're also in the business of keeping our customers happy. That's just good business.

We work hard to ensure that all sales and service transactions to go smoothly, and we want to treat our customers fairly so that they will do business with us again, and tell others to do the same.